

RESOLUTIONS

PASSED

BY THE

BOARD OF DIRECTORS

AT THE

2019 SUMMER POLICY SUMMIT

OF THE

**NATIONAL ASSOCIATION OF
REGULATORY UTILITY COMMISSIONERS**

Revised 7/24/2019 1:57 p.m.

NOTE – TC-1 and TC-3 were combined by the sponsors into one resolution – TC-1. TC-2 was never moved for discussion.

Important caveat: The descriptions in the Table of Contents are truncated. If you are interested in the topic, you should read the entire resolution to get a better idea of what the resolution does.

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I. Committee on Telecommunications

TC-1	<i>Resolution to Maintain Full Voice Support in the Lifeline Program and Freezing the December 2018 Lifeline Broadband Minimum Standards</i>	<i>Page 1</i>
	<i>Sponsors: Commissioners Rhoades, Hofmann, & Clendenin [7/23 3:56 from Cullen]</i>	

Resolution urges the Federal Communications Commission to (i) work quickly and collaboratively with service providers and other stakeholders to fix the National Verifier before use of it is required in any state by (a) implementing service provider APIs, and (b) securing access to federal/state SNAP and Medicaid databases, to ensure that the National Verifier achieves its stated goals and works as intended so that eligible low-income consumers can reasonably and efficiently retain or sign up for Lifeline without undue burdens or delays; (ii) only continue to “soft launch” the National Verifier in states and to temporarily suspend “hard launch” of the National Verifier in states until either December 31, 2019 or until service provider APIs are established, and electronic access to state databases, such as SNAP or SSI, and federal/state Medicaid databases are available to confirm subscriber eligibility, whichever is later; (iii) to maintain the full \$9.25 in Lifeline support for voice services at the December 1, 2018 service levels and not phase-down or eliminate support for voice services as it has proposed for 2019 to 2021; and (iv) freeze the broadband minimum service standards for Lifeline at the December 2018 levels – 2 GB per month/household at \$9.25 – until the FCC concludes its 2021 Lifeline Study and determines an appropriate standard based on usage data available at that time.

II. Committee on Water

WC-1	<i>Resolution on Contributions in Aid of Construction for Water and Wastewater Systems</i>	<i>Page 5</i>
	<i>Sponsors: Commissioners Betkoski and Holden [7/3 9:16 version from Cathy Pedemonti]</i>	

Resolution supports the exemption of Contributions in Aid of Construction funds received by regulated water and wastewater utilities from income tax liability; and supports an amendment to the Tax Cut and Jobs Act, which would exempt CIAC from income taxes for regulated water and wastewater utilities.

III. Subcommittee on Supplier & Workforce Diversity

SWD-1	<i>Resolution Encouraging Inclusion of Minority-Serving Institutions in the Development of Long-Term Strategic Partnerships to Address Pending Retirements of Utility Professionals</i>	<i>Page 7</i>
	<i>Sponsor: Commissioner Oliva [7/22 12:05 version from Janel Haretoun]</i>	

Resolution supports enhanced efforts to include Minority Serving Institutions, Hispanic-Serving Institutions, Tribal Colleges and Universities, Asian American and Native American Pacific Islander-Serving Institutions, and women- and veteran-serving institutions within the development of long-term utility workforce plans to cultivate new talented and diverse professionals for the utility industry, including utility regulatory agencies.

SWD-2	<i>Resolution Supporting Diversity in Financial & Professional Services for Investor-Owned Utilities</i>	<i>Page 9</i>
	<i>Sponsor: Commissioner Oliva [7/22 12:05 version from Janel Haretoun]</i>	

Resolution supports enhanced efforts to support supplier diversity within investor-owned utilities.

Resolution on the Lifeline National Verifier Launch and Minimum Service Standards

Whereas in 1985, the Lifeline program was created to provide a discount on essential communications services for qualifying low-income consumers to ensure that all Americans have the opportunities and security that such service brings, including being able to connect to jobs, family, healthcare, and emergency services;

Whereas in 2012, the Federal Communications Commission (“FCC”) approved extending Lifeline support to include both voice and broadband internet service;

Whereas Section 254(b) of the federal Communications Act establishes the universal service principle that “[c]onsumers in all regions of the Nation, including low-income consumers . . . should have access to telecommunications and information services” at reasonable and affordable rates;

Whereas in 2016, the FCC issued the *Third Report and Order, Further Report and Order, and Order on Reconsideration*, 31 FCC Rcd 3962 (2016) (“*Lifeline Modernization Order*”) which created a national verification program (“National Verifier”) with three goals: (1) reducing waste, fraud and abuse by eliminating the Lifeline providers’ role in determining subscriber eligibility; (2) reducing costs to Lifeline providers by removing the responsibility of determining eligibility and providing a central point of verification; and (3) facilitating consumer choice and improving the enrollment process to help subscribers obtain service;

Whereas in describing the National Verifier, the *Lifeline Modernization Order* established the expectation that “the National Verifier will be able to accommodate and utilize many of the varying state databases available” and that the resulting “electronic certification process will produce at least near real-time results;”

Whereas in 2018, the National Verifier implementation commenced with a systematic two-phase, soft-to-hard launch rollout of states continuing throughout 2019 with full nationwide rollout scheduled for completion in December 2019;

Whereas the FCC’s goals and expectations for the National Verifier have not been fulfilled as the two-phase soft-to-hard launch rollout of the National Verifier has been completed in numerous states without resolving deficiencies ranging from structural to minor technical issues;

Whereas the structural deficiencies include the National Verifier’s often limited or non-existent access to state databases such as the Supplemental Nutrition Assistance Program (“SNAP”) and Supplemental Security Income (“SSI”) and federal/state Medicaid databases needed to electronically confirm subscriber eligibility, and the failure to include an application program interface (“API”) between providers and the National Verifier program which would enable providers in real-time to efficiently communicate with the National Verifier program and assist a prospective or existing subscriber in verifying eligibility and maintaining enrollment or getting newly enrolled;

Whereas neither the FCC nor the Universal Service Administrative Company (“USAC”) has made available complete data showing the National Verifier’s impact on the ability of existing and prospective subscribers to retain or obtain Lifeline service, but available data indicates that many potentially and apparently eligible Lifeline subscribers have not been re-verified and some have been de-enrolled from the program, and new enrollments have dropped substantially in states where the National Verifier has been hard launched;

Whereas these problems will necessarily continue in each hard launch state until needed improvements to the National Verifier are implemented;

Whereas in July 2018, the National Association of Regulatory Utility Commissioners (“NARUC”) passed a resolution urging the FCC to order USAC to incorporate service provider APIs into the National Verifier and thereafter, in February 2019, NARUC passed an additional resolution urging USAC to ensure critical state/federal databases for eligibility programs such as SNAP and Medicaid are utilized in states where the National Verifier has been or is being launched;

Whereas in the *Lifeline Modernization Order*, the FCC established minimum service standards for the Lifeline program, including a policy to phase-out voice support and to support only broadband;

Whereas the current FCC minimum service standard beginning in December 1, 2018 permits full support of \$9.25 per month/household for either (a) 1000 mobile voice minutes, (b) 2 GB of mobile broadband data, or (c) a voice/data bundle that meets either of the minimum service standards for voice or data;

Whereas on December 1, 2019, the support for voice will be reduced to \$7.25 for 1000 voice minutes per month/household or bundled voice/data services that meet the voice minimum, and the minimum standard for mobile broadband will be 9.75 GB per month/household, and by December 1, 2021, Lifeline support for voice is set to be eliminated;

Whereas the *Lifeline Modernization Order* mandated implementation of mobile broadband minimum service standards including a minimum data allowance but also created a 12-month port freeze to encourage subscribers to stay with a Lifeline provider to help offset the expense of the data and speed mandates, to increase program stability and to help root out waste, fraud and abuse. However, in 2017, the FCC issued an Order on Reconsideration, 32 FCC Rcd 10475 (2017), eliminating the 12-month port freeze without changing the mandated data allowance standards;

Whereas the mobile broadband marketplace has changed significantly following the *Lifeline Modernization Order*. In its 2017 *Mobile Wireless Competition Report*, the FCC noted that “[o]ne significant trend that has developed recently is the return of ‘unlimited’ data plans,” 32 FCC Rcd 8968, 9004 ¶51 (2017). In the 2018 consolidated *Communications Marketplace Report*, FCC Rcd 12558, 12570 ¶15 (2018), the FCC recognized that, “[i]n 2017, service providers continued the trend of offering unlimited data plans,” and observed that unlimited plans were also spreading rapidly into the prepaid marketplace. In the *Lifeline Modernization Order*, the FCC contemplated a gradual increase in consumer data usage and did not anticipate that the transition from the initial data allowance levels using the 2016 formula would result in a leap to a substantially higher and more costly data requirement;

Whereas today, wireless providers typically retail 10 GB data plans for \$40 per month or higher. If the FCC allows the December 2019 broadband minimum standards to go into effect, the new standards will effectively impose a \$30 per month price increase on Lifeline subscribers – an increase that low-income subscribers cannot afford;

Whereas Lifeline subscribers can choose to obtain additional mobile broadband data above the current 2GB allowance by choosing to purchase more data allotments from a service provider;

Whereas according to USAC’s 2018 Annual Report, approximately 53% of Lifeline disbursements go to support either a voice-only or bundled voice services (bundles of voice and broadband that meet the voice

minimum service standard) for low-income consumers. Consequently, if the FCC eliminates Lifeline voice support, it will significantly and negatively impact low-income households making it more difficult for them to stay connected using the essential communications services that best suit their needs and circumstances;

Whereas, NARUC, the National Association of State Utility Consumer Advocates (“NASUCA”), the AARP (formerly known as the American Association of Retired Persons), the National Association for the Advancement of Colored People (“NAACP”), the Leadership Conference on Human Rights (“LCHR”), and many others have filed comments at the FCC advocating for full voice support in the Lifeline program;

Whereas the *Lifeline Modernization Order* directed the FCC to prepare a *State of the Lifeline Marketplace Report* (the “*Report*”) by June 30, 2021. The FCC specifically anticipated that the *Report* would evaluate the appropriateness of the transition in the minimum service standards for broadband data usage;

Whereas various stakeholders have alleged that a reduction of support to \$7.25 for 1000 voice minutes per month/household or bundled voice/data services that meet the voice minimum, and a mandated increase over the current 2 GB data requirement will adversely impact service providers’ ability to continue to participate in Lifeline and consumers’ ability to afford Lifeline supported services, including veterans, seniors and those living in rural areas;

Whereas on June 27, CTIA, National Consumer Law Center, National Hispanic Media Coalition, OCA – Asian Pacific American Advocates, and United Church of Christ Office of Communications Inc., filed a Joint Petition to Pause Implementation of the December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study;

Whereas on June 20, NASUCA passed *Resolution 2019-02, Urging the FCC to Preserve Lifeline Support for Voice Service and to Stay and Study the Scheduled Changes in Lifeline Minimum Services*, now *therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2019 Summer Policy Summit in Indianapolis, Indiana, requests that the FCC and USAC work quickly and collaboratively with service providers and other stakeholders to fix the National Verifier *before* use of it is required in any state by (a) implementing service provider APIs, and (b) securing access to federal/state SNAP and Medicaid databases, to ensure that the National Verifier achieves its stated goals and works as intended so that eligible low-income consumers can reasonably and efficiently retain or sign up for Lifeline without undue burdens or delays; *and be it further*

Resolved that NARUC urges the FCC to only continue to “soft launch” the National Verifier in states and to temporarily suspend “hard launch” of the National Verifier in states until *either* December 31, 2019 *or* until service provider APIs are established, and electronic access to state databases, such as SNAP or SSI, and federal/state Medicaid databases are available to confirm subscriber eligibility, *whichever is later*; *and be it further*

Resolved that the NARUC urges the FCC to maintain the full \$9.25 in Lifeline support for voice services at the December 1, 2018 service levels. Moreover, the FCC should not phase-down or eliminate support for voice services as it has proposed for 2019 to 2021. Many consumers, including seniors and families with children, rely on voice services to contact first responders in time of emergency, reach social service agencies, access healthcare, and keep connected to other essential services; *and be it further*

Resolved that NARUC also urges the FCC to freeze the broadband minimum service standards for Lifeline at the December 2018 levels – 2 GB per month/household at \$9.25 – until the FCC concludes its 2021 Lifeline Study and determines an appropriate standard based on usage data available at that time.

Sponsored by the NARUC Committee on Telecommunications

Adopted by the NARUC Board of Directors, July 24, 2019